

AMENDED IN SENATE MARCH 28, 2016

SENATE BILL

No. 1402

Introduced by Senator Pavley

February 19, 2016

An act to ~~amend Section 39712 of~~ *add Section 39719.6 to* the Health and Safety Code, relating to greenhouse gases.

LEGISLATIVE COUNSEL'S DIGEST

SB 1402, as amended, Pavley. Low-carbon fuels.

The California Global Warming Solutions Act of 2006 designates the State Air Resources Board as the state agency charged with monitoring and regulating sources of emissions of greenhouse gases. The act authorizes the state board to include use of market-based compliance mechanisms. Existing law requires all moneys, except for fines and penalties, collected by the state board as part of a market-based compliance mechanism to be deposited in the Greenhouse Gas Reduction Fund and to be available upon appropriation. Existing law requires the Department of Finance, in consultation with the state board and any other relevant state agency, to develop, as specified, a 3-year investment plan for the moneys deposited in the Greenhouse Gas Reduction Fund. Existing law authorizes moneys from the fund to be allocated for the purpose of reducing greenhouse gas emissions in this state through specified investments if the investment furthers the regulatory purposes of the act and is consistent with law.

This bill would ~~additionally create the California Low-Carbon Fuels Incentive Program to be administered by the state board and the State Energy Resources Conservation and Development Commission, and would authorize moneys in the fund appropriated to the program to be used to promote and further California climate goals to encourage the~~

~~in-state production of alternative fuels with low-carbon intensity provide incentives for the in-state production of low-carbon transportation fuels from new and existing facilities, facilities using sustainable feedstock, with preference priority to be given to projects benefitting disadvantaged communities.~~

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. The Legislature ~~funds~~ *finds* and declares all of
2 the following:

3 (a) Petroleum fuels are a leading cause of in-state greenhouse
4 gas emissions.

5 (b) California is vulnerable to oil market shocks given the small
6 number of in-state oil refineries.

7 (c) It is the policy of the state to address climate goals and the
8 economic security of California drivers through support of
9 low-carbon fuel production in a manner that boosts fuel supply
10 and diversity and provides energy security.

11 SEC. 2. *Section 39719.6 is added to the Health and Safety*
12 *Code, to read:*

13 39719.6. *The California Low-Carbon Fuels Incentive Program*
14 *is hereby created, to be administered by the state board in*
15 *conjunction with the State Energy Resources Conservation and*
16 *Development Commission. The program, from moneys*
17 *appropriated from the fund for purposes of the program, shall*
18 *provide incentives for the in-state production of low-carbon*
19 *transportation fuels from new and existing facilities using*
20 *sustainable feedstock. Priority shall be given to projects providing*
21 *direct benefits to disadvantaged communities pursuant to the*
22 *requirements of Sections 39711 and 39713.*

23 ~~SEC. 2. Section 39712 of the Health and Safety Code is~~
24 ~~amended to read:~~

25 ~~39712. (a) (1) It is the intent of the Legislature that moneys~~
26 ~~shall be appropriated from the fund only in a manner consistent~~
27 ~~with the requirements of this chapter and Article 9.7 (commencing~~
28 ~~with Section 16428.8) of Chapter 2 of Part 2 of Division 4 of Title~~
29 ~~2 of the Government Code.~~

~~(2) The state shall not approve allocations for a measure or program using moneys appropriated from the fund except after determining, based on the available evidence, that the use of those moneys furthers the regulatory purposes of Division 25.5 (commencing with Section 38500) and is consistent with law. If any expenditure of moneys from the fund for any measure or project is determined by a court to be inconsistent with law, the allocations for the remaining measures or projects shall be severable and shall not be affected.~~

~~(b) Moneys shall be used to facilitate the achievement of reductions of greenhouse gas emissions in this state consistent with Division 25.5 (commencing with Section 38500) and, where applicable and to the extent feasible:~~

~~(1) Maximize economic, environmental, and public health benefits to the state.~~

~~(2) Foster job creation by promoting in-state greenhouse gas emissions reduction projects carried out by California workers and businesses.~~

~~(3) Complement efforts to improve air quality.~~

~~(4) Direct investment toward the most disadvantaged communities and households in the state.~~

~~(5) Provide opportunities for businesses, public agencies, nonprofits, and other community institutions to participate in and benefit from statewide efforts to reduce greenhouse gas emissions.~~

~~(6) Lessen the impacts and effects of climate change on the state's communities, economy, and environment.~~

~~(c) Moneys appropriated from the fund may be allocated, consistent with subdivision (a), for the purpose of reducing greenhouse gas emissions in this state through investments that may include, but are not limited to, any of the following:~~

~~(1) Funding to reduce greenhouse gas emissions through energy efficiency, clean and renewable energy generation, distributed renewable energy generation, transmission and storage, and other related actions, including, but not limited to, at public universities, state and local public buildings, and industrial and manufacturing facilities.~~

~~(2) (A) Funding to reduce greenhouse gas emissions through the development of state-of-the-art systems to move goods and freight, advanced technology vehicles and vehicle infrastructure,~~

1 advanced biofuels, and low-carbon and efficient public
2 transportation.

3 (B) Funding, with preference to disadvantaged communities,
4 to promote and further California climate goals to encourage the
5 in-state production of alternative fuels with low-carbon intensity
6 from new and existing facilities, using sustainable feedstock.

7 (3) Funding to reduce greenhouse gas emissions associated with
8 water use and supply, land and natural resource conservation and
9 management, forestry, and sustainable agriculture.

10 (4) Funding to reduce greenhouse gas emissions through
11 strategic planning and development of sustainable infrastructure
12 projects, including, but not limited to, transportation and housing.

13 (5) Funding to reduce greenhouse gas emissions through
14 increased in-state diversion of municipal solid waste from disposal
15 through waste reduction, diversion, and reuse.

16 (6) Funding to reduce greenhouse gas emissions through
17 investments in programs implemented by local and regional
18 agencies, local and regional collaboratives, and nonprofit
19 organizations coordinating with local governments.

20 (7) Funding research, development, and deployment of
21 innovative technologies, measures, and practices related to
22 programs and projects funded pursuant to this chapter.